

## INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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Mukden Pneumatic Tools Works

1. The Pneumatic Tools Works, Mukden, which is under the control of the First Ministry of Machine Industry, is equipped with several hundred lathes, a few of which were made in China and the remainder in the USSR.<sup>1</sup> In early 1955 two Soviet instructors were assisting the Chinese in the use of the equipment; other Soviets were seen in the yard of the plant. 25X1

2. In January 1955 the manager of this factory was a woman who had formerly directed a textile factory in Tientsin. The assistant manager, who was appointed in June 1954 and had no previous managerial experience, made the following statement about the factory:

"During the Japanese occupation this factory produced mainly ammunition. Then, in 1945 under the Kuomintang, armor plate was made for armored vehicles, and an attempt was made to build guns. In 1948 Mukden was liberated. The Japanese had sabotaged most of the original equipment; and in 1949 we began the production of pneumatic tools, 400 units being completed in the first year.

"It was decided to expand production as demand grew, and we were enabled to do so with the help of the USSR. We started assembling the new machinery in 1952, and were able to start production on a large scale at the end of 1954. Several new buildings were added to the original plant, and the major part of the equipment is now of Soviet origin. We have also added washhouses, restaurants, and canteens for the workers, as well as a variety of safety precautions. The plant is supplied with air-conditioning, heating, and special pumps that remove metal dust from the air. Each worker is equipped with safety glasses, protective gloves, and rubber boots.

"The factory produces mainly pneumatic drills and hammers. Our products are distributed all over China, and we receive much praise for their good quality. All our workers have a true socialist spirit and realize that high productivity benefits them as well as the state, and as a

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INFORMATION REPORT

REF ID: A66541

S-E-C-R-E-T

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25X1

- 2 -

result, production has risen. During the Japanese occupation and under the Kuomintang, at least 20 percent of the workers suffered from tuberculosis; and they did not earn enough to keep their families. Now they have enough to buy much rice and white flour, and they can also buy pork and chicken. During the past two months we have received more than 700 suggestions from the workers on how production could be stepped up."

3. No worker in this factory was seen with any of the safety items mentioned by the assistant manager.
4. The Pneumatic Tool Works maintains a laboratory to test instruments and to check products. The laboratory is divided into mechanical and chemical sections, and is equipped with several microscopes, X-ray apparatus for metals, and a spectroscope for the study of crystals. In early 1955 it was supervised by a technician who failed to complete his university course but worked for three years under Soviet instructors; he was directing the work of three men holding university degrees.
6. All specifications correspond to those of the USSR. Once received from the Ministry they are implemented with no changes from the factory's engineers.

#### The Number 1 Machine Tool Factory<sup>2</sup>

7. The Number 1 Machine Tool Factory is controlled by the Ministry of Building Construction, which allots the factory's work quota. There was no quota for 1955 because new equipment was being installed. In January 1955 the factory was equipped with 2,000 tools, eighty percent of which were of Soviet manufacture, with the remainder from East Germany, Czechoslovakia, [redacted] Construction had begun on a foundry which was to be attached to the factory. Workers were being trained in the production of lathe No. 16. 25X1
8. In early 1955 this factory employed between fifteen and twenty qualified engineers, including several women, who were trained in the USSR, and about 4,500 workers in every shift. The engineers were expert technicians, although they did not necessarily hold any academic degrees. Workers attended technical and general education courses.
9. The factory was directed by a man named CHOU [redacted] 25X1  
[redacted] 25X1
10. [redacted] the factory was operated by the Japanese until 1948, and was reactivated by the Chinese, with Soviet assistance, in 1949. In 1951 each unit was equipped with an individual motor to replace the driving-belt system previously in operation. In 1952 the production of lathes of Soviet type No. 1 A 63 began; in 1953 of model 1 A 65; and in 1954 of model 1 A 62, which is apparently the most successful of the three types. 25X1

#### Blast Furnace at Anshan

11. The blast furnace at Anshan has six huge furnaces which produce a total of 5,000 tons of steel a day. The ore which is brought in from neighboring mines contains about 54 percent iron; it is carried from the rail siding directly to the top of each of the 35-meter towers of the furnace by high-speed elevators. According to the manager, these elevators are the fastest type known, capable of carrying a ton of ore two meters per second. In early 1955 this plant conveyed a good general impression and appeared to be operating efficiently.

S-E-C-R-E-T

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S-E-C-R-E-T

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25X1

- 3 -

12. According to the manager, the Japanese completely dismantled the old plant, necessitating its reconstruction with Soviet machinery.
13. In early 1955 the blast furnace at Anshan was managed by a man about 32 years of age who had studied in the USSR for approximately three years. When he first returned to China, he was assisted by a number of Soviet technicians, only one of whom remained in January 1955.

Anshan Rolling Mills

14. The rolling mills at Anshan, opened in March 1954, were producing in early 1955 about a thousand tons a day of railroad track and steel girders for bridges and buildings. The blueprint for the factory and all the equipment, which is modern, came from the USSR. Soviet technicians remained for six months to instruct the Chinese workers. A few of the spare parts are imported from the USSR, but most are produced in China.
15. In early 1955 the Anshan rollings mills employed about 1,175 men in three shifts. The average monthly salary was 500,000 yuan.

Seamless Steel Pipe Mill, Anshan

16. The seamless steel pipe mill at Anshan, built in 1952, is completely equipped with automatic machinery made in the USSR. The machinery was installed by Soviet technicians during a six-month period; in February 1955 there were no foreign advisers at the plant.
17. In early 1955 the factory was producing approximately 2,500-3,000 tons per month. In February it was producing two-inch pipes for the coal mines. It seemed well organized, and did not employ an excessive number of laborers.

Wool Mill, Tientsin

18. The wool mill at Tientsin is under the joint management of the government and the Jen Li private capitalists. Li-en represents the government, and CHOU the private interests. In early 1955 Li-en was receiving less than 2,000,000 yuan per month, while CHOU was paid 5,000,000 yuan per month. The unusually high salary cost the government nothing, since it was deducted from the interest payable to the private shareholders. Most of the shareholders lived in China, but a few had emigrated.
19. Of the net profits from this mill, 33 percent was paid for income tax; the shareholders, including the government and the private investors, shared 25 percent; 10 to 15 percent was paid in bonuses to the workers; the balance went into a reserve fund.

Cotton Mill Number 1, Peiping<sup>5</sup>

20. The Peiping Cotton Mill was constructed in 1953 and the machinery was installed the following May by technicians from East Germany. The machinery and organization of the factory are of the Textima Chemnitz type; materials are moved with the aid of overhead conveyors. The plant's equipment includes 50,000 spindles, made in East Germany, and 1,152 looms, made in Shanghai. The latter are automatic, but not particularly modern.
21. The factory uses 20 tons of raw cotton daily. This material is supplied by the government cotton company, which buys back the finished product, a poor-grade white cloth. Each factory has an individual contract for this arrangement. The mill's quota, imposed after four months of experimental production, has been constantly exceeded.

S-E-C-R-E-T

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S-E-C-R-E-T

25X1

25X1

- 4 -

22. In early 1955 the Peiping Cotton Mill employed 2,700 workers, most of whom were women. Although the plans called for three shifts, there were only two; there were many extra workers. Most of the workers were inexperienced but had received training at the trade school in Tientsin, where machine operators studied for six months, and mechanics for a year. When the factory commenced operations, the percentage of sub-standard production was 16 percent; by January 1955 it had been reduced to one percent. This reduction was attributed in part to the fact that the workers are all volunteers.
23. The workers were all between 16 and 24 years old. Most of them had attended primary school; the 31 illiterates at the factory came from a nearby village. The factory evening school was attended by about a thousand workers, who were being taught mathematics, geography, history, and the Chinese language.
24. The training of the workers was financed by the factory. Apprentices received food, lodging, clothing, and a small sum of money while they were studying. Beginning pay ranged between 340,000 and 370,000 yuan a month; a foreman was paid 1,200,000 yuan a month; and the average wage was about 800,000 yuan a month. Workers paid from 100,000 to 150,000 per month for meals at the factory. Unmarried workers lived at the factory hostels for a monthly rent of 3,000 yuan. Married couples paid rent according to the floor space occupied; an area 36 meters square cost 70,000 yuan a month, including heating, electricity, and some furniture.
25. The factory maintained a small canteen for Moslem workers.
26. The factory is owned by the city of Peiping, and is the first sugar mill in the city. Two additional mills are to be constructed near this one.

#### Industrial Security Precautions

27. The industrial area of Anshan is surrounded by an electrified fence, and guarded by men armed with rifles. There is a checkpoint at the entrance to each factory.
28. The only precautions observed during daylight hours at light industry factories in the neighborhood of Peiping were guards posted at the entrances.
29. On the road between Tientsin and the new harbor at T'angku there is an area about three to five miles in extent which is surrounded by a wall topped with electrified wire and patrolled by guards. This area is occupied by military industries and storage depots.
30. At any site where government construction work is in progress a guard is maintained; the guard usually occupies a wooden tower built for this purpose.

#### Comments

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1. It is believed that the Soviet tools were not new when they were sold to the Chinese.
2. The Chinese government appears to attach great importance to this factory, which is frequently featured in newsreels.

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its equipment came from the USSR, Czechoslovakia, East Germany, and Hungary.

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